

Honolulu, Hawaii

APR 01 2015

RE: S.C.R. No. 54

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Government Operations, to which was
referred S.C.R. No. 54 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING A STUDY REGARDING
THE NEED TO INCREASE THE DOLLAR THRESHOLD THAT DETERMINES
WHETHER A SMALL PURCHASE IS EXEMPT FROM SMALL PURCHASE
PROCUREMENT PROCEDURES,"

begs leave to report as follows:

The purpose and intent of this measure is to request the
Procurement Policy Board to:

- (1) Study how the cost of goods, services, and construction
have escalated since 1997, considering inflation and
other factors;
- (2) Determine a new suggested limit for purchases exempt
from small purchase procurement procedures, in light of
escalating costs and in accordance with the
Legislature's intent in setting the limit at \$25,000 in
1997; and
- (3) Identify additional safeguards, if any, that should be
implemented to ensure efficiency, transparency, and
accountability in exempt small purchase procurements,
should the limit be increased.

Your Committee received comments on this measure from the
State Procurement Office and Subcontractors Association of Hawaii.



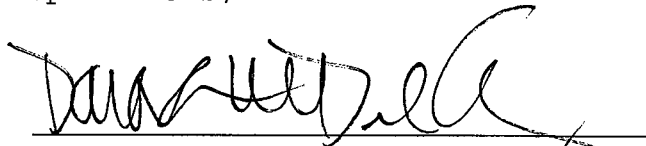
Your Committee finds that the statutory threshold for procurements exempt from small purchase procurement procedures was adopted in 1997. Over the past eighteen years, costs for goods, services, and construction have all increased substantially. It is prudent to evaluate the statutory limit and determine whether it should be increased to effectuate the Legislature's intent when establishing the \$25,000 threshold in 1997.

Your Committee has amended this measure by:

- (1) Clarifying that small purchase procurements of less than \$100,000 for goods or services or \$250,000 for construction are subject to rule-based small purchase procurement procedures and must be procured through an electronic system, while small purchase procurements of less than \$25,000 are exempt from the electronic system requirements and subject to administrative rules regarding minimum requirements for quotes; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 54, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 54, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



DONOVAN M. DELA CRUZ, Chair



Record of Votes
Committee on Government Operations
GVO

*Only one measure per Record of Votes